

6 January 2025

<b>Current Price (A\$)</b>	<b>0.02</b>
Shares in issue (m)	687
Mkt Cap (A\$m)	12
Net debt (A\$m)	-5
EV (A\$m)	7
BVPS (c)	32.2

#### Share price performance

1m	-2.6%
3m	-19.6%
12m	-58.9%
12 m high/low	0.1/0
Ave daily vol (30D)	436,895

#### Shareholders

Regal Funds	5.7%
Copia Inv Partner	4.1%
Spo Equities Pty	3.0%
Carolann Martin	2.6%
Triglavcanin Garry	1.8%
Lemon Tree Wealth	1.6%
Enbridge Inc	0.8%
Merli Cristian	0.8%
Martin Gregory John	0.7%
Northrock Capital Pl	0.6%
Total for top 10	0.6%
Free float	81.4%
Source: Bloomberg	03 Jan 25

**Next news** Q1 Update

#### Business description

Hydrogen shipping and project developer



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## TERM SHEET SIGNED

The signing of a term sheet between Provaris, Uniper and Norwegian Hydrogen represents an important milestone towards the creation of Europe's first regional hydrogen marine transport project at scale. The project will use the Provaris H2Neo compressed hydrogen carriers and a H2Leo hydrogen storage barge with volumes slightly above our original forecasts.

### Conditional Term Sheet with Uniper and Norwegian Hydrogen

Provaris has signed a conditional tripartite term sheet with Uniper and Norwegian hydrogen for the supply of hydrogen from low cost locations in Norway for delivery into North West Europe. The term sheet sets out key conditions ahead of a binding hydrogen sales and purchase agreement (SPA) with signing targeted for June 2025. The SPA will have a minimum term of 10 years with commencement targeting 2029 with an annual volume of 42,500 tonnes of hydrogen at an agreed fixed price. There will be an option to extend the SPA by five years. The supply of hydrogen from the project will comply with the EU Renewable Fuels of Non-Biological Origin (RFNBO) certification.

### Key Project for Provaris

These volumes are slightly higher than those used in our forecasts (42,500 t vs 39,993 t in our model) and the vessel is now slightly larger (450 t vs 430 t). Timing is about six months behind what we originally assumed and we see the overall impact on volumes and timing as effectively neutral in terms of valuation. The operation of the project will prove the efficiency of the compressed hydrogen storage solution using Provaris designed vessels and will act as a catalyst for further projects linking low cost hydrogen production in the Nordic countries with demand in industrial North West Europe.

A\$,000 June	2022a	2023a	2024a	2025e	2026e	2027e
Sales	367	586	255	0	0	0
EBITDA	-6,342	-12,200	-6,222	-6,723	-6,891	-7,063
PBT	-6,758	-12,407	-6,135	-6,723	-6,891	-13,857
EPS	-13.2	-24.2	-1.1	-0.7	-0.7	-0.6
CFPS	-9.4	-12.8	-1.1	-0.7	-0.7	-17.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-11,617	-5,070	-457	-249	6,627	226,150
Debt/EBITDA	2	0	0	0	-1	-32
P/E	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	1.8	0.4	0.1	0.0	-1.0	-32.0
EV/sales	-31.6	-19.8	-45.6	na	na	na
FCF yield	-506.6%	-691.9%	-59.6%	-36.5%	-37.5%	-950.4%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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## FINANCIAL MODEL

### Profit and Loss Account

AU\$,000, Dec	2022a	2023e	2024a	2025e	2026e	2027e
<b>Turnover</b>						
Project income	367	586	255	0	0	0
Central costs and fees	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>367</b>	<b>586</b>	<b>255</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating profit</b>						
Project income	367	586	-2,314	0	0	0
Central costs and fees	-7,125	-12,993	-3,908	-6,723	-6,891	-7,063
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Operating profit</b>	<b>-6,758</b>	<b>-12,407</b>	<b>-6,222</b>	<b>-6,723</b>	<b>-6,891</b>	<b>-7,063</b>
<b>P&amp;L Account</b>	<b>2022a</b>	<b>2023a</b>	<b>2024a</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
Turnover	367	586	255	0	0	0
Operating Profit	-6,758	-12,407	-6,222	-6,723	-6,891	-7,063
Investment income	0	0	0	0	0	0
Net Interest	0	0	87	0	0	-6,795
Pre Tax Profit (UKSIP)	-6,758	-12,407	-6,135	-6,723	-6,891	-13,857
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-6,758	-12,407	-6,135	-6,723	-6,891	-13,857
Tax	0	0	0	0	0	0
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	3,397
Net Profit	-6,758	-12,407	-6,135	-6,723	-6,891	-10,460
Dividend	0	0	0	0	0	0
Retained	-6,758	-12,407	-6,135	-6,723	-6,891	-10,460
EBITDA	-6,342	-12,200	-6,222	-6,723	-6,891	-7,063
EPS (p) (UKSIP)	-13	-24	-1	-1	-1	-1
EPS (p) (IFRS)	-13	-24	-1	-1	-1	-1
FCFPS (p)	-9	-13	-1	-1	-1	-18
Dividend (p)	0	0	0	0	0	0

Source: Company data, Longspur Research estimates

### KEY POINTS

- No modelled grant income from 2024 and then first revenues from the first Norwegian project now in 2029
- This then builds beyond the forecast period presented above

## Balance Sheet

AU\$,000, Dec	2022a	2023a	2024a	2025e	2026e	2027e
Fixed Asset Cost	1	0	0	0	0	298,660
Fixed Asset Depreciation	0	0	0	0	0	0
Net Fixed Assets	1	0	0	0	0	298,660
Goodwill	0	0	0	0	0	0
Other intangibles	5,386	0	0	0	0	0
Investments	0	0	0	0	0	0
Stock	0	0	0	0	0	0
Trade Debtors	0	0	0	0	0	0
Other Debtors	343	159	483	483	483	483
Trade Creditors	-771	-782	-571	-585	-600	-600
Other Creditors <1yr	0	0	-12	-12	-12	-12
Creditors >1yr	0	0	0	0	0	0
Provisions	-62	-115	-129	-129	-129	-129
Pension	0	0	0	0	0	0
Capital Employed	4,897	-738	-229	-243	-257	298,403
Cash etc	11,617	5,070	744	249	-6,627	-17,087
Borrowing <1yr	0	0	0	0	0	0
Borrowing >1yr	0	0	287	0	0	209,062
Net Borrowing	-11,617	-5,070	-457	-249	6,627	226,150
Share Capital	85,812	85,901	21,078	372,429	372,429	2,793,998
Share Premium	0	0	0	-344,851	-344,851	2,721,621
Retained Earnings	-73,019	-85,426	-24,812	-31,535	-38,426	-45,489
Other	3,721	3,856	3,963	3,963	3,963	3,963
Minority interest	0	0	0	0	0	41,402
Capital Employed	4,897	-738	-229	-243	-257	298,403
Net Assets	16,514	4,332	229	6	-6,885	72,253
Total Equity	16,514	4,332	229	6	-6,885	72,253

Source: Company data, Longspur Research estimates

## KEY POINTS

- We have assumed capex commences in FY27 with spend on electrolyzers and part payments on vessels however this can be brought leftwards into 2026 to arrange long lead items
- This has a corresponding rise in net debt and equity with the associated funding required for the capex

## Cashflow

AU\$,000, Dec	2022a	2023a	2024a	2025e	2026e	2027e
Operating profit	-6,758	-12,407	-6,222	-6,723	-6,891	-7,063
Depreciation	416	207	0	0	0	0
Provisions	0	0	0	0	0	0
Other	1,159	5,388	255	0	0	0
Working capital	376	248	-380	14	15	0
Operating cash flow	-4,807	-6,565	-6,348	-6,708	-6,876	-7,063
Tax paid	0	0	0	0	0	0
Capex (less disposals)	0	0	0	0	0	-298,660
Investments	0	0	0	0	0	0
Net interest	0	0	-4	0	0	-3,397
Net dividends	0	0	0	0	0	0
Residual cash flow	-4,807	-6,565	-6,352	-6,708	-6,876	-309,120
Equity issued	9,823	0	1,775	6,500	0	44,799
Change in net borrowing	0	6,547	4,613	208	6,876	219,522
Adjustments	38	0	-36	0	0	0
Total financing	9,861	6,547	6,352	6,708	6,876	264,321

Source: Company data, Longspur Research estimates

## KEY POINTS

- Cash outflows for project and administration costs until FY27 when capex commences
- Assumed raises in FY25 and FY27 assuming there is no farmout of projects and a portion of these are equity funded.

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